

Lake Charles Charter Academy
Foundation, Inc.

Combined Financial Statements
For the Year Ended June 30, 2020



Lake Charles Charter Academy Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have audited the accompanying combined financial statements of Lake Charles Charter Academy Foundation, Inc. (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CPA's + Trusted Advisors

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Lake Charles Charter Academy Foundation, Inc as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Schedule of Board of Directors and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 18 and 19 are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The Performance and Statistical Data on pages 25 through 30 are not a required part of the combined financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Reports on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 17, 2020

FINANCIAL STATEMENTS



Lake Charles Charter Academy Foundation, Inc.
Combined Statement of Financial Position
June 30, 2020

Current Assets:

Cash and cash equivalents	\$ 2,551,877
Custodial funds - cash	6,494
Grants receivable	78,684
Other receivables	25,961
Prepaid items	4,307
Investments	2,037,963
Restricted investments	<u>69,399</u>
Total current assets	<u>4,774,685</u>

**Property and Equipment, Less Accumulated
Depreciation of \$ 4,468,671**

12,839,041

Other Assets:

Restricted investments	1,389,963
Due from related party	71,333
Deposits	<u>11,462</u>
Total other assets	<u>1,472,758</u>

Total assets \$ 19,086,484

Current Liabilities:

Accounts payable and accrued expenses	\$ 117,531
Salaries and wages payable	420,708
Accrued interest payable	46,377
Due to management company	105,866
Custodial funds	6,494
Compensated absences	62,395
Current portion of bonds payable	<u>245,000</u>
Total current liabilities	<u>1,004,371</u>

Noncurrent Liabilities:

Compensated absences	20,798
Bonds payable, net of unamortized discount and bond issuance costs	<u>13,336,023</u>
Total noncurrent liabilities	<u>13,356,821</u>

Total liabilities 14,361,192

Commitments (Note 12)

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Net Assets - Without Donor Restrictions

4,725,292

Total liabilities and net assets \$ 19,086,484

The accompanying notes to combined financial statements are an integral part of these statements.

Lake Charles Charter Academy Foundation, Inc.
Combined Statement of Activities Without Donor Restrictions
For the Year Ended June 30, 2020

Support and Revenues:

Support:

Contributions	\$ 2,500
Grants:	
Federal	1,099,931
State	234,160
Minimum Foundation Program	<u>10,592,325</u>
Total support	<u>11,928,916</u>

Revenues:

Student lunches	132
Before and aftercare fees	10,502
Other revenue	33,106
Net investment income	<u>85,529</u>
Total revenues	<u>129,269</u>
Total support and revenues	<u>12,058,185</u>

Expenses:

Program services:

Regular education	6,884,016
Special education	1,526,634
Other education	236,266
Supporting services:	
Management and general	<u>3,774,381</u>

Total expenses	<u>12,421,297</u>
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Change in net assets without donor restrictions	(363,112)
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Net Assets Without Donor Restrictions, Beginning of Year	<u>5,088,404</u>
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Net Assets Without Donor Restrictions, End of Year	<u>\$ <u>4,725,292</u></u>
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The accompanying notes to combined financial statements are an integral part of these statements.

Lake Charles Charter Academy Foundation, Inc.
Combined Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management and General	
Salaries	\$ 3,318,197	\$ 799,254	\$ 216,881	\$ 298,700	\$ 4,633,032
Contracted and vendor services	336,779	199,739	-	1,061,098	1,597,616
Interest	-	-	-	1,157,536	1,157,536
Other	5,117	736	-	1,033,065	1,038,918
Benefits	525,046	133,028	19,385	65,087	742,546
Depreciation and amortization	555,555	81,225	-	27,545	664,325
Student services	401,020	58,632	-	29,350	489,002
Food service	420,640	61,500	-	-	482,140
Supplies and materials	336,602	49,213	-	-	385,815
Repairs and maintenance	282,740	41,338	-	14,017	338,095
Utilities	177,195	25,193	-	8,542	210,930
Technology	130,145	19,028	-	21,988	171,161
Rent	114,952	16,807	-	5,699	137,458
Professional development	76,836	11,234	-	-	88,070
Insurance	66,312	9,695	-	3,326	79,333
Professional services	22,522	3,293	-	29,831	55,646
Office expense	32,333	4,727	-	10,425	47,485
Marketing and recruitment	36,561	5,345	-	1,757	43,663
Travel	22,387	3,273	-	6,415	32,075
School board fees	23,077	3,374	-	-	26,451
Total expenses	<u>\$ 6,884,016</u>	<u>\$ 1,526,634</u>	<u>\$ 236,266</u>	<u>\$ 3,774,381</u>	<u>\$ 12,421,297</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Lake Charles Charter Academy Foundation, Inc.
Combined Statement of Cash Flows
For the Year Ended June 30, 2020

Cash Flows from Operating Activities:

Change in net assets	\$ (363,112)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for depreciation	645,163
Provision for amortization of bond issuance costs	19,162
Provision for amortization of bond discount	13,476
(Increase) decrease in:	
Grants receivable	223,195
Due from management company	(406,008)
Due from related party	986,592
Other receivables	(17,647)
Prepaid items	(923)
Deposits	925
Increase (decrease) in:	
Accounts payable and accrued expenses	53,460
Salaries and wages payable	33,973
Due to management company	105,866
Accrued interest payable	(715)
Refundable advances	(3,756)
Custodial funds	(15,007)
Compensated absences	48,305
	<u>1,322,949</u>
Net cash provided by operating activities	<u>1,322,949</u>

Cash Flows from Investing Activities:

Sales of investments	1,854,093
Purchases of investments	(1,413,176)
Payments for purchase of property and equipment	<u>(1,696,506)</u>
Net cash used in investing activities	<u>(1,255,589)</u>

Cash Flows from Financing Activities:

Payments on bonds payable	<u>(225,000)</u>
Net cash used in financing activities	<u>(225,000)</u>
Net decrease in cash and cash equivalents	(157,640)

Cash and Cash Equivalents, Beginning of Year

2,716,011

Cash and Cash Equivalents, End of Year

\$ 2,558,371

Cash and cash equivalents	\$ 2,551,877
Custodial funds - cash	<u>6,494</u>
Total cash and cash equivalents	\$ <u><u>2,558,371</u></u>

The accompanying notes to combined financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Organization: Lake Charles Charter Academy Foundation, Inc. (the "Foundation"), a Louisiana not-for-profit corporation, was formed on April 5, 2011 exclusively for educational purposes and is comprised of respected leaders in the Lake Charles community that are committed to providing high quality educational options for the citizens of the Calcasieu Parish. Lake Charles Charter Academy (the "School"), a Department of the Foundation, was established as a charter school in May 2011 for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu.

Nature of activities: Lake Charles Charter Academy Foundation, Inc. was granted a charter by the Louisiana Board of Elementary and Secondary Education ("BESE") in 2011 to operate a Type 2 public charter school. The current charter is in effect until June 2022. The charter may be renewed at the discretion of BESE.

The Foundation seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measure pupil progress toward stated goal; and participate in pupil assessment required by law, regulation and BESE policy.

The mission of the Foundation is to become a powerful platform of change through the creation of a network of high-performing charter schools that will target traditionally underserved students and ensure that every student realizes their academic and personal potential.

The mission of the School is to provide students with the necessary tools and skills needed to develop superior levels of achievement. The School strives for academic, social and physical excellence by providing a quality and challenging curriculum. The School promotes positive moral and social values, fosters an atmosphere of self-discipline in a safe learning environment, and maximizes individual productivity to meet the needs of a changing global society. The School's students will be able to maximize their potential for successfully actualizing their goals with confidence and intrinsic motivation, thereby enabling each student to become a lifelong learner and strong functional contributor to their local community as well as their global community.

Note 2 - Summary of Significant Accounting Policies

Basis of combination: The accompanying combined financial statements include the accounts of the Foundation and the School. All significant intercompany balances and transactions have been eliminated in combination.

Basis of accounting: Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Foundation are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Foundation reports no net assets with donor restrictions as of June 30, 2020.

Note 2 - Summary of Significant Accounting Policies (continued)

Net assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash and cash equivalents: The Foundation considers all highly liquid or short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation routinely maintains cash balances at financial institutions which exceed federally insured amounts. The Foundation has not experienced any losses and does not believe that a significant credit risk exists as a result of this practice.

Restricted investments: At June 30, 2020, restricted investments include escrow balances restricted for debt service (Notes 4 and 10) and other activities as follows:

Series 2011 Debt Service Reserve Fund	\$	1,389,963
Series 2011 A & B Revenue Fund		<u>69,399</u>
Total restricted investments	\$	<u><u>1,459,362</u></u>

Promises to give: The Entity records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Entity had no unconditional or conditional promises to give as of June 30, 2020.

Note 2 - Summary of Significant Accounting Policies (continued)

Property and equipment: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Donated property and equipment assets are reported at acquisition value as of the date received. Additions, improvements, and other major renewals that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related assets. Other costs incurred for repairs and maintenance are charged to expense as incurred.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings	45 years
Furniture, fixtures and equipment	5 years
Computer equipment and software	3 years
Building improvements	10 years

Prepaid items: Certain payments reflect costs applicable to services for a future accounting period and are recorded as prepaid expenses in the accompanying financial statements.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Bond issuance costs and provision for amortization: The Foundation incurred certain costs in connection with the issuance of its bonds. These costs have been capitalized for financial reporting purposes and are amortized over the term of the bonds on a straight-line basis. In accordance with the guidance of Financial Accounting Standards Board in its Accounting Standards Update 2015-03, *Interest-Imputation of Interest*, the Organization has presented its bond issuance costs in the statement of financial position as a direct deduction from the bonds payable.

Total provision for amortization was \$ 19,162 for the year ended June 30, 2020.

Revenue and revenue recognition: The Entity recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

A portion of the Entity's revenue, derived from cost-reimbursement federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

Amounts received prior to meeting certain conditions, including measurable performance or other barriers, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statement of financial position.

Note 2 - Summary of Significant Accounting Policies (continued)

The School, as a Type 2 charter school, received Minimum Foundation Program funding from BESE in an amount for pupils based on estimated daily attendance at the School. The amount of funding received is adjusted during the school year based on the October 1st and February 1st student counts and the result of any audits performed.

Refundable advances: Revenues received in advance that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances.

Functional allocation of expenses: The costs of providing the programs and activities of the Foundation have been summarized on a functional basis in the accompanying statement of functional expenses. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Date of management's review: Subsequent events have been evaluated through December 17, 2020, which is the date the financial statements were issued.

Note 3 - Custodial Funds - Cash

As a service to the various school club and parent organizations, the School permits these organizations to deposit their own funds in a separate School checking account. Since these funds do not belong to the School, they are also recorded as a liability in the statement of net position.

Note 4 - Restricted Investments

Previously, the Foundation borrowed funds for construction of facilities for the School (Note 10). The restricted investments of the School are governed by the Bond Indenture and are held by the Trustee. At June 30, 2020, the School has \$ 1,459,362 invested in a money market fund that is stated at amortized cost which approximates fair value.

Generally, *credit risk* is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The exposure to credit risk is limited because the money market fund is rated AAA-mf by Moody's.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is forty-five days.

Note 5 - Investments

The Foundation has a non-negotiable certificate of deposit for \$ 2,000,000 which earns interest at 2.59% and matures on April 8, 2021.

Note 6 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets:	
Cash and cash equivalents	\$ 2,551,877
Grants and other receivables	104,645
Investments	<u>2,037,963</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>4,694,485</u></u>

Note 7 - Grants Receivable

As of June 30, 2020, grants receivable consisted of amounts due from the following sources:

<u>Receivables</u>	<u>Amount</u>
Title I	\$ 66,986
Title II	3,387
IDEA	4,111
Direct Student Services	<u>4,200</u>
	\$ <u><u>78,684</u></u>

Note 8 - Due From Related Party

The Foundation and Southwest Louisiana Charter Academy Foundation, Inc. ("SLCAF") are related, as they share common board membership. As of June 30, 2020, the financial statements include an amount due from SLCAF in the amount of \$ 71,333.

Note 9 - Property and Equipment

Property and equipment balances and activity for the year ended June 30, 2020, are as follows:

Land	\$ 1,254,128
Construction in progress	980,441
Building	11,361,592
Computer equipment and software	1,985,266
Furniture, fixtures and equipment	1,014,427
Building improvements	<u>711,858</u>
	17,307,712
Less: accumulated depreciation	<u>(4,468,671)</u>
Property and equipment, net	\$ <u><u>12,839,041</u></u>

Note 9 - Property and Equipment (continued)

Depreciation expense for the year ended June 30, 2020 totaled \$ 645,163.

If certain governmental funding is used to acquire tangible property assets, the BESE has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to BESE.

Note 10 - Bonds Payable

a. Summary of Bonds Payable

Bonds payable at June 30, 2020 is comprised of the following:

\$ 15,175,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A; due in semi-annual installments beginning June 2016 through December 2041; interest payable semiannually at rates that range from 7.75% to 8.00%.	\$ 14,280,000
Less unamortized bond discount	(288,602)
Less unamortized bond issuance costs	<u>(410,375)</u>
	<u>\$ 13,581,023</u>

The following is a summary of changes in the bonds payable for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Deletions	Amortization	Balance at June 30, 2020	Due Within One Year
Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A	\$ 14,505,000	\$ -	\$ 225,000	\$ -	\$ 14,280,000	\$ 245,000
Discount on Series 2011 Bond	(302,078)	-	-	13,476	(288,602)	-
Bond issuance costs	<u>(429,537)</u>	-	-	<u>19,162</u>	<u>(410,375)</u>	-
	<u>\$ 13,773,385</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 32,638</u>	<u>\$ 13,581,023</u>	<u>\$ 245,000</u>

b. Summary of Significant Bond Terms

\$ 15,175,000 Tax-Exempt Educational Facilities Revenue Bond, Series 2011A - Series 2011A tax-exempt bond is for the purpose of (i) financing the acquisition, construction and equipping of certain charter school facilities, (ii) paying capitalized interest, (iii) funding a reserve fund, and (iv) paying a portion of the costs of issuance of the Series 2011A bond. The bond is payable in semi-annual principal installments beginning June 2016 through December 2041. Interest ranging from 7.75% to 8.00% is payable semiannually on the fifteenth day of June and December.

Note 10 - Bond Payable (continued)

The bond is subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. The bond is not subject to a premium at optional redemption after December 15, 2021.

The annual debt service requirement for the Series 2011A Educational Facilities Revenue Bonds not including unamortized discount and bond issuance costs consists of:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 245,000	\$ 1,126,950	\$ 1,371,950
2022	265,000	1,107,575	1,372,575
2023	285,000	1,086,650	1,371,650
2024	305,000	1,064,175	1,369,175
2025	335,000	1,039,956	1,374,956
2026-2030	2,090,000	4,763,262	6,853,262
2031-2035	3,065,000	3,788,588	6,853,588
2036-2040	4,550,000	2,316,000	6,866,000
2041-2042	3,140,000	308,600	3,448,600
	<u>\$ 14,280,000</u>	<u>\$ 16,601,756</u>	<u>\$ 30,881,756</u>

The trust indenture requires reserve funds equal to \$ 1,389,963 for the Series 2011A bonds. As of June 30, 2020, the reserve fund account balance was sufficient to satisfy this requirement. The trust indenture also contains a financial covenant which is as follows:

<u>Covenant</u>	<u>Requirement</u>	<u>Calculated</u>
Long-term debt service coverage ratio	At least 1.25	1.81

For the purposes of this calculation, a \$ 1,025,000 noncash expense incurred during the year representing the forgiveness of a loan previously made to Lake Charles College Prep, a component school of SLCAF, was not excluded from income available for debt service calculation.

In order to secure the payment in full of the bonds and to secure the performance by the Foundation to all covenants, the Organization grants the Louisiana Public Facilities Authority (the "Authority") a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

Note 11 - Income Taxes

Lake Charles Charter Academy Foundation, Inc. is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501 (a) of the Internal Revenue Code.

Note 12 - Commitments

Management agreements: The School has a formal agreement with Charter Schools USA at Lake Charles, LLC (“CSUSA”) to manage, staff, and operate the School. The cost reimbursements and management fees (the “fee”) range from \$ 1,458,886 for 2021 to \$ 1,741,986 for 2028 if the School obtains a letter grade of “B” or above and at lesser amounts for grades below “B” as defined in the agreement. Total cost reimbursements and management fees amounted to \$ 1,447,116 for the year ended June 30, 2020. Extension of the agreement shall correspond to the length of the charter and shall be approved by the Board of Directors.

The School had an amount due to CSUSA for \$ 105,866 at June 30, 2020. This amount is shown on the basic financial statements as an amount due to management company.

Litigation: The School is involved in a lawsuit incidental to its operations, the outcome of which, in the opinion of management and legal counsel, should not have a material adverse effect on the financial position of the School.

Post-retirement benefits: The School does not provide post-retirement benefits to retired employees.

Note 13 - Employee Benefit Plan

During the year ended June 30, 2020, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the School’s management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan Year ended December 31, 2019, the School had forfeitures of \$ 339. For the year ended June 30, 2020, the School contributed a matching amount of \$ 16,687.

Note 14 - Functional Expenses

The majority of expenses reported in the financial statements can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function, including depreciation and amortization, leadership salaries and the technology department, have been allocated among program and supporting services classification based on estimates of time and effort and square footage.

Note 15 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

Cash received during the year for - Interest income	\$	88,402
Cash paid during the year for - Interest expense	\$	1,144,775

Note 16 - Risks and Uncertainties

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the Foundation's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

Note 17 - Subsequent Events

Lake Charles Charter Academy was hit by Category 4 Hurricane Laura on August 26 and 27, 2020, causing significant damage to the School. Due to major damage to the School's roof, among other damage, occupancy of the School is currently prohibited until December 9, 2020. Additionally, Hurricane Delta (Category 2) made landfall in the evening of October 9, 2020. Continued power outages and flooding significantly delayed assessment for any additional damage to Lake Charles Charter Academy. The School anticipates timely filing of claims to its insurance carrier after compiling all hurricane damage information and documentation.

SUPPLEMENTAL INFORMATION



Lake Charles Charter Academy Foundation, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name:				
U.S. Department of Agriculture - Passed through the Louisiana Department of Agriculture -				
National School Lunch Program	10.555	-	\$ 313,977	\$ -
National School Breakfast Program	10.553	-	<u>88,730</u>	<u>-</u>
Total U.S. Department of Agriculture and Total Child Nutritional Cluster			<u>402,707</u>	<u>-</u>
U.S. Department of Education - Passed through the Louisiana Department of Education -				
Title I Grants to Local Educational Agencies	84.010	-	457,295	-
Supporting Effective Instruction State Grant	84.367	-	17,455	-
Special Education - Grants to States	84.027	-	201,810	-
Rural Education Achievement Program	84.358B		7,693	-
English Language Acquisition State Grants	84.365		12,082	-
Student Support and Academic Enrichment Program	84.424	-	<u>889</u>	<u>-</u>
Total U.S. Department of Education			<u>697,224</u>	<u>-</u>
Total expenditures of Federal Awards			<u>\$ 1,099,931</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the Foundation for the year ending June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Foundation did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Contingency

The grants and contracts revenue received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Foundation. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable Federal and state and other applicable regulations.

Lake Charles Charter Academy Foundation, Inc.
Schedule of Board of Directors
June 30, 2020

<u>Board Members</u>	<u>Compensation</u>
Judge Ulysses Gene Thibodeaux, President	\$ 0
Ms. Rebecca Boniol, Vice President	\$ 0
Mr. Clyde Mitchell, Secretary and Treasurer	\$ 0
Ms. Phyllis Kittling, Trustee	\$ 0
Dr. Michael Kurth, Trustee	\$ 0
Ms. Nicole Simien, Trustee	\$ 0
Ms. Sylvia Stelly, Trustee	\$ 0
Mr. Charles Honore, Trustee	\$ 0
Mr. Ron Richard, Trustee	\$ 0
Mr. Henry Mancuso, Board Executive Secretary	\$ 0

**Lake Charles Charter Academy Foundation, Inc.
 Schedule of Compensation, Benefits and Other Payments
 to Agency Head or Chief Executive Officer
 For the Year Ended June 30, 2020**

Agency Head: Judge Ulysses Gene Thibodeaux, President

Purpose	Amount
Salary	\$ 0
Benefits-Insurance	\$ 0
Benefits-Retirement	\$ 0
Car Allowance	\$ 0
Vehicle Provided by Government	\$ 0
Per Diem	\$ 0
Reimbursements	\$ 0
Travel	\$ 0
Registration Fees	\$ 0
Conference Travel	\$ 0
Continuing Professional Education Fees	\$ 0
Housing	\$ 0
Unvouchered Expenses	\$ 0
Special Meals	\$ 0

Note: Agency Head is a voluntary member who receives no compensation for his services to the Lake Charles Charter Academy Foundation, Inc.

INTERNAL CONTROLS AND COMPLIANCE



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lake Charles Charter Academy Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 17, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Lake Charles Charter Academy Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2020. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 17, 2020

Lake Charles Charter Academy Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Lake Charles Charter Academy Foundation, Inc.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Lake Charles Charter Academy Foundation, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major Federal award programs for Lake Charles Charter Academy Foundation, Inc. expresses an unmodified opinion on the major Federal programs.
6. There are no audit findings relative to the major Federal programs for Lake Charles Charter Academy Foundation, Inc. reported in Part C of this schedule.
7. The program tested as a major program is as follows:

<u>Federal Program</u>	<u>CFDA No.</u>
Department Education - Title I Grants to Local Education Agencies	84.010

8. The threshold for distinguishing Types A and B programs was \$ 750,000.
9. Lake Charles Charter Academy Foundation, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

No matters were reported.

C. Findings and Questioned Costs - Major Federal Award Programs

No matters were reported.

D. Other Issues

1. No management letter is required because there were no findings required to be reported in a separate management letter.
2. There were no prior audit findings related to Federal programs.
3. No corrective action plan is required because there were no findings reported under the Uniform Guidance.

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 - PERFORMANCE
AND STATISTICAL DATA)

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Lake Charles Charter Academy Foundation, Inc.; the Louisiana Department of Education and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statement of Lake Charles Charter Academy Foundation, Inc. for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. Management of Lake Charles Charter Academy Foundation, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

No exceptions noted.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

No exceptions noted.

Education Levels/Experience of Public School Staff (No Schedule)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

No exceptions noted.

Public School Staff Data: Average Salaries (No Schedule)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing prepared by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

No exceptions noted.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Lake Charles Charter Academy Foundation, Inc., as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 17, 2020

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

**Lake Charles Charter Academy Foundation, Inc.
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2020**

Schedule 1

**General Fund Instructional
 and Equipment Expenditures:**

General Fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 2,989,156
Other instructional staff activities	177,313
Instructional staff employee benefits	694,643
Purchased professional and technical services	227,590
Instructional materials and supplies	268,004
Instructional equipment	<u>285,508</u>

Total teacher and student interaction activities \$ 4,642,214

Other instructional activities 140,804

Pupil support activities 461,195

Less: equipment for pupil support activities -

Net pupil support activities 461,195

Instructional staff services 403,454

Less: equipment for instructional staff services -

Net instructional staff services 403,454

School administration 694,582

Less: equipment for school administration -

Net school administration 694,582

Total General Fund instructional expenditures \$ 6,342,249

Total General Fund equipment expenditures \$ 285,508

See independent accountant's report on applying agreed-upon procedures.

**Lake Charles Charter Academy Foundation, Inc.
 General Fund Instructional and Support Expenditures
 And Certain Local Sources
 (continued)
 For the Year Ended June 30, 2020**

Schedule 1 (continued)

Certain Local Revenue Sources:

Local taxation revenue:	
Constitutional ad valorem taxes	\$ -
Renewable ad valorem tax	-
Debt services ad valorem tax	-
Up to 1% of collections by the sheriff on taxes other than school taxes	-
Sales and use taxes	-
	<hr/>
Total local taxation revenue	\$ -
	<hr/> <hr/>
Local earnings on investment in real property:	\$
Earnings from 16th Section property	-
Earnings from other real property	-
	<hr/>
Total local earnings on investment in real property	\$ -
	<hr/> <hr/>
State revenue in lieu of taxes:	
Revenue sharing - constitutional tax	\$ -
Revenue sharing - other taxes	-
Revenue sharing - excess portion	-
Other revenue in lieu of taxes	-
	<hr/>
Total state revenue in lieu of taxes	\$ -
	<hr/> <hr/>
Nonpublic textbook revenue	\$ -
	<hr/> <hr/>
Nonpublic transportation revenue	\$ -
	<hr/> <hr/>

See independent accountant's report on applying agreed-upon procedures.

Lake Charles Charter Academy Foundation, Inc.
Class Size Characteristics
As of October 1, 2019

Schedule 2

	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
School Type:								
Elementary	34%	17	4%	2	6%	3	2%	1
Elementary/activity classes	6%	3	-	-	6%	3	6%	3
Middle/Junior High	-	-	4%	2	14%	7	-	-
Middle/Junior High activity classes	10%	5	4%	2	4%	2	-	-
High	-	-	-	-	-	-	-	-
High activity classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination activity classes	-	-	-	-	-	-	-	-

NOTE: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades kindergarten through 3 is 26 students and maximum enrollment in grades 4 through 12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See independent accountant's report on applying agreed-upon procedures.